



0000166170

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

2015 SEP 16 P 12:00

AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF
GRANITE MOUNTAIN WATER COMPANY,
INC. FOR APPROVAL OF A RATE INCREASE.

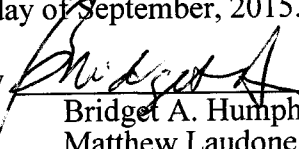
DOCKET NO. W-02467A-14-0230

**STAFF'S NOTICE OF FILING
SUPPLEMENTAL
SURREBUTTAL TESTIMONY**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the Supplemental Surrebuttal Testimony of Staff witness Teresa B. Hunsaker, in the above-captioned matter.

RESPECTFULLY SUBMITTED this 16th day of September, 2015.

By


Bridget A. Humphrey, Staff Attorney
Matthew Laudone, Staff Attorney
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 16th day of September, 2015, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

DOCKETED

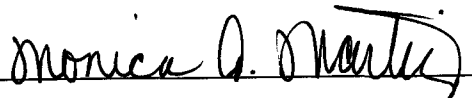
SEP 16 2015

DOCKETED BY

Copy of the foregoing mailed and/or emailed this 16th day of September, 2015, to:

Craig A. Marks
CRAIG A. MARKS, PLC
10645 N. Tatum Blvd., Suite 200-676
Phoenix, Arizona 85028
Craig.Marks@azbar.org
Attorney for Granite Mountain Water Co., Inc.

Tim Carter
2701 Boone Court
Prescott, AZ 86305



ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

SUSAN BITTER SMITH

Chairman

BOB STUMP

Commissioner

BOB BURNS

Commissioner

DOUG LITTLE

Commissioner

TOM FORESE

Commissioner

IN THE MATTER OF THE APPLICATION OF)
GRANITE MOUNTAIN WATER CO. INC. FOR)
A RATE INCREASE.)
_____)

DOCKET NO W-02467A-14-0230

SUPPLEMENTAL

SURREBUTTAL

TESTIMONY

OF

TERESA B. HUNSAKER

PUBLIC UTILITIES ANALYST

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

SEPTEMBER 16, 2015

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. PURPOSE OF SUPPLEMENTAL SURREBUTTAL TESTIMONY	1
III. WIFA LOAN SURCHARGE	2
IV. STAFF'S RECOMMENDED WATER RATE DESIGN	3

EXECUTIVE SUMMARY
GRANITE MOUNTAIN WATER COMPANY INC.
DOCKET NO. W-02467A-14-0230

Staff's supplemental surrebuttal testimony addresses an issue not previously addressed by Staff in Granite Mountain Water Company Inc. ("Granite Mountain", "GM" or "Company") direct or surrebuttal testimony for the Water Infrastructure Finance Authority of Arizona ("WIFA") loan surcharge from Docket Nos. W-02467A-09-0333, W-02467A-09-0334 and W-02467A-10-0483.

The WIFA loan surcharge was authorized in Decision No. 72377 at \$9.00 per month per customer and modified to \$10.00 per month per customer pursuant to Decision No. 74384. The Company had not collected the WIFA loan surcharge during the test year of 2013. The Company began collecting the WIFA loan surcharge in November 2014.

Staff recommends that the WIFA loan surcharge of \$10.00 cease to be collected within 30 days after the effective date of the Decision in this proceeding.

Staff also supplements its typical bill analysis.

I. INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My name is Teresa B. Hunsaker. I am a Public Utilities Analyst III employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Teresa B. Hunsaker who filed direct testimony in this case?

A. Yes.

II. PURPOSE OF SUPPLEMENTAL SURREBUTTAL TESTIMONY

Q. What is the purpose of your supplemental surrebuttal testimony in this proceeding?

A. The purpose of my supplemental surrebuttal testimony in this proceeding is to testify on behalf of Staff regarding an additional recommendation that Staff had not previously addressed in its direct or surrebuttal testimony about the Water Infrastructure Finance Authority of Arizona ("WIFA") loan surcharge from Docket Nos. W-02467A-09-0333, W-02467A-09-0334 and W-02467A-10-0483.

This matter did not previously come to Staff's attention because Granite Mountain Water Company Inc. ("Granite Mountain", "GM" or Company) did not include any WIFA loan surcharge revenues in the test year, and did not begin to collect the WIFA loan surcharge until November 2014, and was attempting to complete all of the Post-Test Year (PTY) plant additions from the WIFA loan through this rate case.

III. WIFA LOAN SURCHARGE

Q. What Decision(s) established the WIFA loan surcharge for the Company?

A. The WIFA loan surcharge was authorized in Decision No. 72377 at \$9.00 per month per customer and modified to \$10.00 per month per customer pursuant to Decision No. 74384. The Company had not collected the WIFA loan surcharge during the test year of 2013. The Company began collecting the WIFA loan surcharge in November 2014.

Q. What is the loan amount for the current WIFA loan for the Company?

A. The current WIFA loan is \$181,320 executed on May 30, 2014.

Q. What was the purpose of the WIFA loan for the Company?

A. The current WIFA loan was for the purchase of Well No. 6 (Short Spur Well), the construction of transmission mains and lines and the construction of Tank No. 3 (50,000 gallon tank).

Q. Was the construction fully completed by the Company? Please explain.

A. No. Staff included the PTY plant in service for the purchase of Well No. 6 and the construction of the transmission mains and lines. However, as stated by Staff in direct and surrebuttal testimony, the construction of Tank No. 3 has not been completed and has been deemed not used and useful in PTY plant in service.

Q. Has the Company received all of the funds from WIFA for this loan? Please explain.

A. No. According to WIFA Staff, the Company has not collected the funds of approximately \$60,000 for the construction of Tank No. 3. However, the Company is paying interest on the full \$181,320 loan executed in May 2014.

1 **Q. Does Staff continue to recommend the WIFA loan surcharge of \$10.00 be collected?**
2 **Please explain.**

3 A. No. Staff recommends that the WIFA loan surcharge of \$10.00 cease to be collected within
4 30 days after the effective date of the Decision in this proceeding. Staff has analyzed the
5 current recommended rates provided in surrebuttal testimony and the recommended rates
6 provide a Debt Service Coverage ("DSC") ratio of 4.48. This DSC includes the entire loan
7 amount of \$181,320. The \$181,320 includes the portion for Tank No. 3 that has not been
8 included in rate base. The DSC ratio is far in excess of the requirement set by WIFA for the
9 current loan.
10

11 **IV. STAFF'S RECOMMENDED WATER RATE DESIGN**

12 **Q. Please provide a description of Staff's recommended rate design and the impact of the**
13 **WIFA loan surcharge to typical median usage bill.**

14 A. Staff recommends increases in the minimum monthly charge for all meter sizes. Staff
15 recommends that the monthly minimum for the 5/8 x 3/4-inch meter be \$35.00. Staff
16 recommends break-over points at 3,000 and 10,000 gallons for the 5/8 x 3/4-inch meter.
17 Staff recommends an increase to commodity rates in all three tiers. First commodity tier rate
18 would increase by \$1.60 from \$4.40 per 1,000 gallons to \$6.00 per 1,000 gallons. Second
19 commodity tier rate would increase by \$3.90 from \$6.60 per 1,000 gallons to \$10.00 per 1,000
20 gallons. Third commodity tier rate would increase by \$4.10 from \$7.90 per 1,000 gallons to
21 \$12.00 per 1,000 gallons. The typical 5/8 x 3/4-inch meter bill with a median usage of 3,684
22 gallons would increase by \$18.63 from \$41.21 to \$59.84. Staff's recommended rates are
23 shown in Surrebuttal Schedule TBH GM-26 and the typical bill analysis for 5/8 x 3/4-inch
24 meter customers is shown in Surrebuttal Schedule TBH GM-27.
25

1 However, Staff's typical bill analysis for 5/8 x 3/4-inch meter customers, shown in
2 Surrebuttal Schedule TBH GM-27, does not include the impact of the additional WIFA loan
3 surcharge that the Company began recovering in November 2014. When including the
4 WIFA loan surcharge of \$10.00 per month, the bill impact of Staff's recommended rates for
5 the typical 5/8 x 3/4-inch meter bill with a median usage of 3,684 gallons would be \$8.63,
6 increasing from \$51.21 to \$59.84.

7
8 **Q. Does this conclude your supplemental surrebuttal testimony?**

9 **A. Yes, it does.**